

Message Text

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54

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FM AMEMBASSY BUDAPEST

TO USDOC WASHDC

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AMEMBASSY VIENNA

LIMITED OFFICIAL USE BUDAPEST 2084

E.O. 11652: N/A

TAGS: BEXP, HU

SUBJ: BUSINESS FACILITATION: OFFICES FOR U.S. FIRMS

REF: A. STATE 162879

B. BUDAPEST 3654

VIENNA FOR EWTC

1. EMBASSY ECON OFFICER DISCUSSED QUESTION OF AMERICAN BUSINESS REPRESENTATION IN HUNGARY WITH HORCHLER OF SECRETARIAT FOR INTERNATIONAL ECONOMIC RELATIONS JULY 30. HORCHLER STATED THAT CENTER PRESENTLY BEING CONSTRUCTED BY INTERAG WILL CONTAIN PLACE FOR BETWEEN 40 AND 65 OFFICES WHEN COMPLETED AT END OF NEXT YEAR. WHILE HORCHLER WAS NOT ABSOLUTELY SURE WHAT STATUS OF THESE WOULD BE, HE THOUGHT IT LIKELY THAT FIRMS WISHING TO ESTABLISH OFFICES HERE WOULD BE REQUIRED TO ESTABLISH SOME TYPE OF JOINT COMPNAY WITH A HUNGARIAN PARTNER. WESTERN REPRESENTATIVE OF THIS JOINT COMPANY WOULD THEN BE ALLOWED TO RESIDE IN HUNGARY ON CONTINUING BASIS. WHILE INTERAG WOULD NO DOUBT BE HUNGARIAN PARTNER IN MANY CASES, IT WAS LIKELY THAT WESTERN FIRMS USING THE CENTER WOULD HAVE COOPERATIVE ARRANGEMENTS WITH OTHER HUNGARIAN PARTNERS.

2. COMMENT: HORCHLER'S REMARKS CONCERNING CONDITIONS UNDER WHICH FOREIGN FIRMS MIGHT BE ALLOWED TO OPEN OFFICES
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HERE APPEAR TO BE A STEP BACK FROM STATEMENTS MADE BY

PRESIDENT OF INTERAG (REFTEL ?), WHO IMPLIED THAT
WESTERN FIRMS USING SPACE IN THE NEW INTERAG FACILITY
WOULD BE RATHER INDEPENDENT AND WOULD ONLY BE REQUIRED
TO SIGN RENTAL AND SERVICE CONTRACTS WITH INTERAG. OUR
FEELING IS THAT FINAL GOH POSITION REGARDING THE EXACT
STATUS OF FOREIGN OFFICES HERE AS YET TO BE WORKED OUT.
WHILE HUNGARIANS REALIZE THAT CERTAIN MODIFICATIONS OF
THEIR TRADITIONAL POSITION MUST BE MADE, THEY CONTINUE
TO LOOK FOR FORMULA WHICH WOULD LIMIT NUMBER OF FOREIGN
OFFICES IN BUDAPEST AND AT SAME TIME PRESERVE SOME ROLE
FOR VARIOUS AGENCY COMPANIES.
PEDERSEN

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